

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 CIAE-00 INR-07

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 6361

INFO AMCONSUL TORONTO

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E.O. 11652: N/A

TAGS: EIND ETRD CA

SUBJECT: ASSESSMENT OF CANADIAN STEEL MARKET CONDITIONS IN 1975

REF: STATE 95936 (NOTAL)

1. IRON AND STEEL DIVISION OF DEPARTMENT OF INDUSTRY, TRADE
AND COMMERCE HAS PROVIDED THE FOLLOWING CANADIAN STEEL FORECAST
FOR 1975 (VOLUMES ARE IN MILLIONS OF SHORT TONS):

A. RAW STEEL PRODUCTION: 15.0

B. FINISHED STEEL PRODUCTION: 11.2

C. CAPACITY UTILIZATION: 85 PERCENT

D. IMPORTS OF FINISHED STEEL: 2.5

E. EXPORTS OF FINISHED STEEL: 1.2

F. APPARENT CONSUMPTION: 12.5

G. INVENTORY LEVELS: N.A.

H. EXPORTS OF FINISHED STEEL TO U.S.: 0.8

(THIS FIGURE IS PREDICATED ON 1974 EXPORT PERFORMANCE
WHEN CONSIDERABLE TONNAGES OF STEEL WERE
EXPORTED TO U.S. FOR AUTOMOTIVE MANUFACTURE)

I. IMPORTED SCRAP: 0.9

J. EXPORT PRICE TRENDS: "THE CANADIAN PRICE
SITUATION IS GEARED TO COSTS AS PROVED BY
THE RECENT GOVERNMENT INQUIRY INTO STEEL
PRICING. (STEEL PROFITS INQUIRY, 1974.)

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CANADIAN EXPORT PRICES ARE EQUAL TO OR
HIGHER THAN DOMESTIC PRICES FOR STEEL."

2. EMBOFF INFORMED BY ITC OFFICIAL THAT COPY OF STEEL
INDUSTRY STUDY (PARA. 1(J) ABOVE) WAS FORWARDED TO
JAMES M. OWENS, MATERIALS DIVISION, OFFICE OF BUSINESS
RESEARCH AND ANALYSIS, DOMESTIC AND INTERNATIONAL
BUSINESS ADMINISTRATION, COMMERCE DEPARTMENT. OF
PARTICULAR INTEREST AMONG THE REPORT'S MAIN FINDINGS
IS JUDGMENT THAT CANADIAN STEEL PRODUCERS HAVE GIVEN
PRIORITY TO DOMESTIC CONSUMERS AND AT STEEL PRODUCT
PRICES WELL BELOW THOSE PREVAILING ABROAD AND THAT
THE CANADIAN STEEL INDUSTRY REFRAINED, DURING A PERIOD
OF WORLDWIDE STEEL SHORTAGES, FROM INCREASING EXPORTS,
DESPITE THE OPPORTUNITY TO REALIZE PRICES THAT WERE
MUCH HIGHER THAN THOSE PREVAILING IN CANADA.

3. ITC ALSO INFORMED EMBASSY THAT STATISTICS FOR
STAINLESS AND TOOL STEELS ARE NOT REPEAT NOT AVAILABLE
AS THERE IS ONLY ONE PRODUCER IN CANADA: ATLAS STEELS
IN WELLAND, ONTARIO. ATLAS STEELS IS A DIVISION OF
RIO ALGOM MINES LTD. (TORONTO). IF THE DEPARTMENT
WISHES ANY DIRECT INFORMATION FROM THIS COMPANY, IT
IS SUGGESTED THAT CONGEN TORONTO BE REQUESTED TO TRY TO
OBTAIN SUCH DATA.

4. ITC OFFICIAL TOLD EMBOFF THAT CANADA HAS CONCERNS
SIMILAR TO THOSE EXPRESSED BY U.S. INDUSTRY ABOUT
IMPORTS FROM EUROPE AND JAPAN AND SPECIFICALLY NOTED
CONCERN ABOUT FINSIDER (ITALY) WHICH REPORTEDLY IS
SELLING IN U.S. AT PRICES UP TO \$75 PER TON UNDER
U.S. PRICES. ITC OFFICIAL SAID HE IS CONCERNED THAT
SIMILAR SITUATION MAY DEVELOP IN CANADIAN MARKET WITH
RECENT REOPENING OF EASTERN CANADIAN PORTS.

5. RECENT PRESS REPORTS ON STATE OF CANADIAN STEEL
INDUSTRY BEING POUCHED TO EB/OT/TA.
LEARY

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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